

**IN THE INCOME TAX APPELLATE TRIBUNAL
(DELHI BENCH :H: DELHI)**

**BEFORE SHRI SAKTIJIT DEY, VICE-PRESIDENT &
DR. B.R.R. KUMAR, ACCOUNTANT MEMBER**

ITA No. 950/Del/2021

Assessment Year: 2017-18

DCIT, Central Circle-31, New Delhi (PAN:AAAC0743J)	Vs.	Parsvnath Developers Ltd., Parsvnath Tower, near Shahdara Metro Station, Shahdara, Delhi-1100 32
(Appellant)		(Respondent)

Present for:

Department by : Shri Amit Katoch, Sr. DR
Assessee by : Shri Akshat, CA

Date of Hearing : 09.10.2023
Date of Pronouncement : 16.10.2023

ORDER

PER SAKTIJIT DEY, VICE PRESIDENT:

This is an appeal by the Revenue against order dated 19.03.2021 of learned Commissioner of Income-Tax (Appeals) -30, New Delhi pertaining to assessment year 2017-18.

2. Registry has notified delay of 66 days in filing the appeal. However, considering the preventive measures taken by the Government due to COVID-19, delay is ignored/condoned.

3. The dispute in the present appeal is confined to deletion of addition of Rs.2,25,00,000 made under Section 69A of the Income-Tax Act, 1961 in cash deposited during demonetization period.

4. Briefly, the facts are, assessee is a resident corporate entity. As stated by the Assessing Officer, assessee is engaged in the business of promotion, construction and development of integrated townships, residential and commercial complexes, multistoried buildings, flats, houses, apartments, shopping malls, IT parks and hotels etc. and its activities are spread across India in multiple locations. For the assessment year under dispute, assessee filed its return of income declaring nil income. Assessee's case was selected for scrutiny and in course of assessment proceedings, the Assessing Officer, based on information available on record, noticed that assessee had deposited demonetized cash of Rs.2,25,00,000 in his bank account.

5. Noticing the above, the Assessing Officer called upon the assessee to explain the source of such cash deposits. Though, assessee explained that the demonetized cash was available out of earlier cash withdrawals, however, the Assessing Officer disbelieving the assessee, treated the demonetized cash of Rs.2,25,00,000 as unexplained money under Section 69A of the Act and added back to the income of the assessee. The income so added was taxed at the special rate provided under

Section 115BBE of the Act. Assessee contested the aforesaid addition before learned First Appellate Authority. Being convinced with the submissions of the assessee, learned First Appellate Authority deleted the addition.

6. We have considered rival submissions and perused the material available on record.

7. Undisputedly, assessee is a real estate developer and builder. It is also a fact that the assessee has undertaken real estate development activities at multiple locations spread across the country.

8. Facts on record reveal that in addition to the opening cash in hand of Rs.58,30,736 available to the assessee on 01.04.2016, during the period 01.04.2016 to 08.11.2016, corresponding to the impugned assessment year, the assessee had total cash withdrawals of Rs.12,07,98,629. Major part of such withdrawals have been utilized by the assessee in its business activities leaving aside an amount of Rs.2,59,89,822. Out of which, the demonetized cash of Rs.2,20,00,000 has been deposited in the bank account. The assessee, being a real estate developer and builder, requires sufficient cash availability to meet the

expenses incurred in its business activities. This is the reason why the assessee had such huge withdrawals of more than of Rs.12,00,00,000. It is also a fact that out of such cash withdrawals, huge amount of more than Rs.8,00,00,000 has been utilized in its business activities. Thus, the explanation of the assessee that the demonetized cash of Rs.2,25,00,000 was out of earlier cash withdrawals, in our view, is a quite plausible plea, hence, deserves to be believed, in absence of any contrary evidence brought on record by the Assessing Officer to demonstrate that the assessee didn't have in its possession unutilized cash out of the earlier cash withdrawals.

9. In view of the aforesaid, we do not find any valid reason to interfere with the decision of learned First Appellate Authority. Ground taken by the Revenue is dismissed.

10. In the result, the appeal is dismissed.

Order pronounced in the open court on 16 .10.2023.

Sd/-

(DR. BRR KUMAR)
ACCOUNTANT MEMBER

Sd/-

(SAKTIJIT DEY)
VICE-PRESIDENT

Dated: 16th October, 2023
Mohan Lal

Copy forwarded to:

1. Applicant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi